

INDEX RULES & METHODOLOGY | March 24, 2020

ICE DATA INDICES REBALANCING CONSULTATION

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Postponement of March Index rebalancing

Given the continued disruption in the markets, and after careful consideration of feedback received in response to our consultation with stakeholders on this matter, dated March 20, 2020, ICE Data Indices, LLC (“IDI”), in accordance with its consultation policy, has reached a decision to postpone the March 31, 2020 rebalancing for all fixed income indices. This decision applies broadly to all of the ICE and ICE BofA bond, preferred and convertible securities indices (the “Index” or “Indices”). The Indices will resume their normal rebalancing cycle on April 30, 2020. On that date the Indices will pick up all changes that were deferred from the March rebalancing along with the normal April changes.

March 31, 2020 rebalancing procedures

The following rebalancing rules will be applied on March 31:

- Securities that matured or were fully called or tendered during March will be removed from the Indices.
- Cash received from coupon payments and paydowns will be removed from the Index
- No new securities will be added to any Indices
- Amounts outstanding on securities will not be updated for taps, partial calls, etc.
- No other changes will be made in Index constituencies, and selection criteria in Index rules will not be applied including, but not limited to, the following:
 - Securities will not be removed if they roll under the minimum maturity requirement
 - Securities will not be removed due to rating upgrades/downgrades and defaults, though rating changes will be reflected in the March 31 composite ratings
 - Exposure caps, such as maximum issuer/sector weights, duration limits, etc., will not be applied

Index preview files for the month of April will reflect these modified rebalancing rules starting March 25, 2020.

Alternate indices that rebalance as normal to be made available

In the feedback that we received during the consultation, some stakeholders expressed concerns about having the Indices deviate from their published rules as, in some cases, they are not able to do so with respect to their own policy guidelines. In support of those stakeholders, IDI will be creating alternate versions of key Indices that will follow a normal rebalancing on March 31, 2020. More information will be made available in a separate report on how to access these Indices.

Treatment of custom indices

As a default assumption, custom indices will follow the same rules as outlined above for our standard indices. Clients can contact the index group at iceindices@theice.com in the event they want to modify the assumption for their custom indices.

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